

GAO

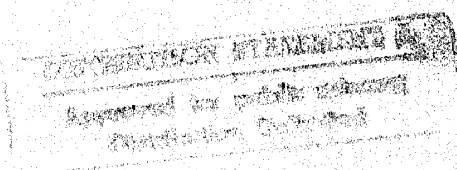
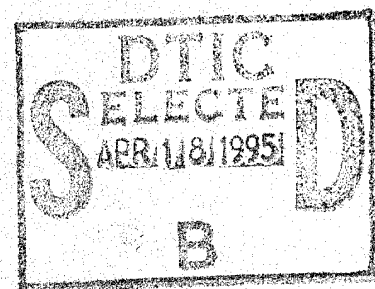
United States General Accounting Office

Report to Congressional Requesters

April 1995

ARMY TRAINING

One-Third of 1993 and
1994 Budgeted Funds
Were Used for Other
Purposes



19950417 168

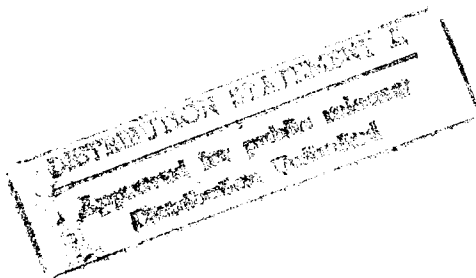
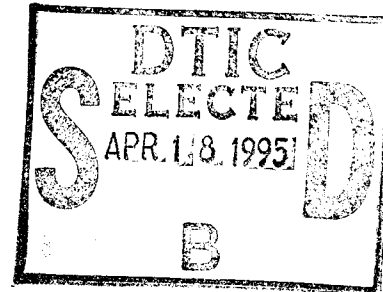
DTIC QUALITY INSPECTED 1

National Security and
International Affairs Division

B-260798

April 7, 1995

The Honorable Herbert H. Bateman
Chairman
The Honorable Norman Sisisky
Ranking Minority Member
Subcommittee on Military Readiness
Committee on National Security
House of Representatives



Congress has consistently supported Army requests for military training funds—commonly referred to as operating tempo funds—to keep Army forces at a high level of combat readiness. However, as a result of reports that scheduled training exercises had been canceled, the former chairman asked that we determine whether (1) operating tempo funds were spent for purposes other than training and (2) the operating tempo funds requested in the Army's congressional budget submissions were consistent with the amounts needed for training exercises necessary to meet its readiness objectives.

Results in Brief

The Army spent part of its operating tempo funds for purposes other than training. Of the \$3.6 billion in operating tempo funds that the Army designated for the U.S. Forces Command and U.S. Army Europe¹ in fiscal years 1993 and 1994, about \$1.2 billion, or 33 percent, was used for other purposes. For example, some of these funds were moved to other accounts, such as base operations and real property maintenance, which the Army stated were underfunded, and some were used to support contingency operations in such locations as Somalia and Haiti. The Army did not report to Congress the movement of these funds to other accounts because (1) the operating tempo funding request is not a separately reported amount in the budget submission and (2) movement of money within the same budget activity group does not require approval from Congress. As a result, Congress has lacked information on differences between the amount of money requested for operating tempo and the amount of money the Army actually spent. Congress has taken recent action to direct disclosure of such differences beginning in fiscal year 1996.

| | |
|--------------------|-------------------------------------|
| Accession For | |
| FRIS GRA&I | <input checked="" type="checkbox"/> |
| DTIC TAB | <input type="checkbox"/> |
| Unannounced | <input type="checkbox"/> |
| Justification | |
| By | |
| Distribution/Avail | |
| Availability Codes | |
| Dist | Avail and/or Special |
| A-1 | |

¹These two commands account for about 80 percent of the operating tempo funding requirements for the Army.

The operating tempo funds, which are included as part of the Army's congressional budget submission for operations and maintenance, have exceeded amounts needed to conduct the training exercises necessary to achieve readiness objectives. Despite spending significantly less than the amount of money requested for operating tempo, the four combat units we reviewed in the U.S. Forces Command and U.S. Army Europe have, for the most part, continued to report that they achieved readiness objectives. During the last quarter of fiscal year 1994, two of the units reported degraded readiness due to insufficient funding.

Budget requests have exceeded amounts needed for training because the model used by the Army to determine operating tempo funds contained outdated assumptions and did not consider certain factors that affect a unit's ability to train at its home station. Outdated assumptions involved the type and frequency of exercises to be conducted and the number of miles to be driven by tanks and other vehicles as units train. Factors that affect a unit's ability to train included the availability of gunnery range and maneuver areas. As a result, the operating tempo funds requested in the Army's budget submission were neither an accurate nor a realistic estimate of training funds needed. The Army recognizes that the model contains outdated assumptions and has begun a project to update the model by December 1995 to reflect current training requirements. Successful completion of this project should improve the model's ability to more accurately estimate the operating tempo funds needed to conduct the training exercises necessary to meet the Army's readiness objectives. Due to this action, we are making no recommendations in this report.

Background

The Army uses the Training Resource Model to identify the amount of operating tempo funds that its military units require to meet readiness objectives. This model, which was developed about 10 years ago, employs a three-step process to calculate funding requirements. First, it calculates the annual number of miles that a unit's vehicles (e.g., tanks and Bradley fighting vehicles) are to be driven as the unit trains. Second, the model calculates the cost of the miles that are to be driven by applying costs for fuel, maintenance, and spare parts to total miles. These costs vary depending on equipment type and the geographical location of a unit. Last, the model adds certain indirect costs that are associated with training, such as the cost of civilian pay and maintenance contracts, to determine the total requirement.

Information for calculating the total number of miles that vehicles are to be driven is contained in the Battalion Level Training Model (BLTM), which identifies (1) prescribed training exercises, (2) prescribed frequency of the exercise, (3) the type and number of vehicles used in the exercises, and (4) the number of miles that each vehicle is expected to be driven during each exercise. The BLTM calculates this information for each Army battalion in a reporting unit, such as a combat division. The Training Resource Model then tabulates the total number of miles for the division. For example, if a division has six armor battalions and three infantry battalions, the model would add the armor BLTM six times and the infantry BLTM three times to arrive at total miles for the division. In addition, the BLTM assumes that all battalions of the same type throughout the Army conduct identical exercises and that each vehicle type is driven an identical number of miles in each battalion.

Once the Army determines direct (fuel, maintenance, and spare parts) and indirect (civilian pay and maintenance contracts) costs for each reporting unit, it aggregates operating tempo costs by major command.² Finally, the Army establishes a total operating tempo cost for inclusion in the President's budget submission for annual congressional appropriation.

Operating tempo funding requirements are included in the Army's operation and maintenance appropriation account. More specifically, operating tempo funds are included in the land forces budget activity group. Other activities within this group include base operations, real property maintenance, and depot maintenance.

When operation and maintenance funds are appropriated, the Army begins an allocation process to distribute the operating tempo funds. The initial distribution is from the Department of the Army to each of the major commands. Along with the authority to execute the funds, the major commands receive program budget guidance indicating how the operating tempo funds had been budgeted at the Army level. The major commands then forward operating tempo funds and budget guidance to major subordinate commands, such as V Corps within U.S. Army Europe, or to installations such as those within the U.S. Forces Command.

²A major command is an organizational structure responsible for either a functional area, such as the Army Materiel Command, or direction of combat forces within the Army.

Army Spent Operating Tempo Funds for Other Purposes

In fiscal years 1993 and 1994, Congress appropriated \$29 billion for Army operations and maintenance. Of this amount, the Army designated \$3.6 billion in operating tempo funds for the U.S. Forces Command and U.S. Army Europe. However, units within these two commands spent only \$2.4 billion of the \$3.6 billion for training. Approximately \$384 million and \$868 million was used in fiscal years 1993 and 1994, respectively, for other purposes.

The movement of funds from the operating tempo to other operation and maintenance accounts occurred at several Army levels. For example, in fiscal year 1994, the Army distributed to the U.S. Forces Command and U.S. Army Europe \$374 million, or 18 percent, less than initially designated. Subsequently, these two major commands distributed to their tactical units \$278 million, or 16 percent, less than they received from the Army. Finally, the tactical units spent \$216 million, or 15 percent, less than the amount received from the major commands for operating tempo.

According to Army officials, the movement of operating tempo funds during fiscal years 1993 and 1994 was necessary because operation and maintenance accounts, including base operations, real property maintenance, and depot maintenance, were funded at levels significantly below requirements. Two factors contributed to these shortages. First, the Army's submission for the President's budget included only a portion of its requirements. For example, data provided by Army officials shows that the administration's 1994 budget submission for base operations, real property maintenance, and depot maintenance represented only 70, 45, and 57 percent, respectively, of the requirements for those accounts.

Second, according to Army officials, additional reductions to the overall operation and maintenance request were made in anticipation of future savings or reimbursements that did not occur. For example, in fiscal year 1994, the operation and maintenance account was reduced by \$117 million for assumed savings resulting from the withdrawal of Army troops from South Korea. However, the troops never withdrew due to political instabilities, and funds were still spent by the Army to support those troops.

Operating tempo funds were also spent to support contingency operations in such locations as Somalia and Haiti. According to the Chief of Staff of the Army, due to the unknown nature of contingency operations, operating tempo funds must be borrowed to help pay up-front costs of the operations. Reimbursements, received in the form of supplemental

funding from Congress, may or may not occur in time to avoid the postponement or cancellation of scheduled training events.

The Army has not reported the movement of operating tempo funds to other accounts to Congress because it was not required to report them separately in the operation and maintenance budget submission. According to Army officials, budgeted funds may generally be moved to other accounts without obtaining congressional approval as long as the funds are moved to accounts within the same budget activity group. However, in the Conference Report accompanying the fiscal year 1995 Appropriation Act for the Department of Defense (DOD), Congress directed DOD and the military services to report differences between the amount of money requested and the amount of money spent. Beginning in fiscal year 1996, budget justification material for each subactivity group in the operation and maintenance account must show actual dollar amounts for the most recent year completed, the current year estimates, and the budget request estimate.³

Training Resource Model Overstates the Amount Needed to Achieve Readiness Objectives

The Training Resource Model calculated more money than the Army needed to conduct the training exercises necessary to achieve readiness objectives in 1993 and 1994. Even though we found examples in which the model understated funds required for conducting particular training exercises, the substantial amounts of operating tempo money moved to other accounts by the Army each year indicated that the model produced a net overstatement of operating tempo funds. Despite spending significantly less for training than the amount calculated by the model, tactical units have generally continued to report that readiness objectives were achieved.

The training strategies incorporated in the Training Resource Model have not been updated since its creation in 1984. To determine whether key assumptions contained in the model are valid today, we visited four Army combat divisions and we compared 22 training exercises prescribed in the model with the exercises planned for seven armor and four mechanized infantry battalions.⁴ We found that the model no longer accurately portrays how the Army trains today. Specifically, the model's assumptions

³Making Appropriations for the Department of Defense for the Fiscal Year Ending September 30, 1995, and for Other Purposes, H.R. 103-747, 103rd Congress, 2nd Session.

⁴Limited data at the divisions prevented a full comparison of the exercises in the model to exercises planned in the field. We were not able to make this comparison for the 82nd Airborne's armor battalion because its companies generally do not train as a full battalion.

on the type of exercises, the number of times they are conducted, the types of vehicles that are to be used, and the number of miles to be driven by each vehicle are no longer valid.

Model Calculations and Actual Spending Differ

Units have executed training plans that required significantly less operating tempo funds than the amount calculated by the Training Resource Model. Table 1 shows that the amount of operating tempo funding calculated by the model was significantly higher than the amount spent by the units.

Table 1: Operating Tempo Funds Calculated by the Model and Spent by Units

Dollars in millions

| Division | Fiscal year 1993 | | Fiscal year 1994 | |
|---------------|-------------------|----------------|-------------------|----------------|
| | Model calculation | Unit execution | Model calculation | Unit execution |
| 1st Cavalry | \$ 81 | \$ 52 | \$ 95 | \$ 77 |
| 1st Infantry | 54 | 34 | 68 | 32 |
| 3rd Infantry | 74 | 49 | 108 | 60 |
| 82nd Airborne | 26 | 11 | 32 | 29 |
| Total | \$235 | \$146 | \$303 | \$198 |

Model Separates Exercises That Are Performed Together at the Unit Level

The model did not recognize that some exercises are conducted together, thereby eliminating some operating tempo costs. Funding requirements for individual exercises that are performed as part of other exercises at the unit level were included in the model at least 24 times. For example, the model included two separate company-level command field exercises for armor and mechanized infantry battalions. However, the 1st Cavalry Division expects to conduct these exercises in fiscal year 1995 as part of a battalion command field exercise and therefore will not incur the \$5.9 million in operating tempo costs we estimated the model calculated for these exercises.

Likewise, armor and mechanized infantry battalions of the 3rd Infantry Division conduct a company-level fire coordination exercise and two iterations of a company-level live fire exercise as part of semiannual crew weapon qualification exercises and do not incur additional costs or drive additional miles to meet the exercise requirements. However, we estimated that in fiscal years 1993 and 1994 the model calculated \$3.3 million and \$2.6 million, respectively, more than the 3rd Infantry Division needed for these exercises.

Model Exercise Frequencies Do Not Match Unit Execution

We identified 67 instances in which exercises included in the model were conducted more or less frequently in the field. For example, the model calculated operating tempo funds for two weapon qualification exercises each year for armor and infantry battalions. The armor and mechanized infantry battalions of the 1st Infantry Division, however, conducted only one exercise in fiscal year 1994. As a result, we estimated that the model included \$1.5 million in operating tempo funds that were not needed.

The model also calculated operating tempo fund requirements for exercises that are not conducted in the field. For example, the BLTM includes four battalion-level deployment exercises or alerts each year. According to 3rd Infantry Division officials, these exercises have not been conducted for the last 5 years due to the demise of the Eastern bloc threat. Further, the 1st Infantry Division does not include the exercises in its home station training budget. The 1st Cavalry division does conduct an alert exercise four times per year but incurs operating tempo costs only once, since vehicles participate in only one of the four exercises. As shown in table 2, we estimated that the model calculated \$5.2 million for exercises that were not conducted.

Table 2: Fiscal Year 1994 Operating Tempo Funds for Deployment Exercises or Alerts That Were Not Conducted

| Dollars in millions | |
|---------------------|---------------------|
| Division | Funding requirement |
| 3rd Infantry | \$2.0 |
| 1st Infantry | 1.6 |
| 1st Cavalry | 1.6 |
| Total | \$5.2 |

In addition to the deployment exercises, the 3rd Infantry Division did not conduct four other battalion- and company-level exercises that were included in the model. As table 3 shows, we estimated that the model calculated the 3rd Infantry Division would need \$9.5 million in fiscal year 1994 operating tempo funds for these exercises.

Table 3: Exercises Included in the Model That Were Not Conducted by the 3rd Infantry Division

| Dollars in millions | | | |
|-------------------------------------|--------------|----------------|--------------|
| Exercise | Armor costs | Infantry costs | Total |
| Battalion movement control exercise | \$1.7 | \$0.3 | \$2.0 |
| Battalion live fire exercise | 1.0 | 0.2 | 1.2 |
| Company command field exercise | 4.7 | 1.1 | 5.8 |
| Company movement control exercise | 0.4 | 0.1 | 0.5 |
| Total | \$7.8 | \$1.7 | \$9.5 |

In contrast, some exercises that are conducted in the field are not included in the model. For example, in 1995 the 1st Cavalry Division plans to conduct platoon situational training exercises for both its armor and infantry battalions. These exercises are expected to cost about \$8.7 million but are not included in the model. Similarly, the 3rd Infantry Division executes three platoon-level field training exercises that cost about \$7.1 million but are not included in the model.

Number of Miles Incurred Do Not Match the Model

The mileage incurred during training exercises differed at least 40 times from the mileage estimated in the model. For example, the model calculated operating tempo funds for two crew weapon qualification exercises for an armor and an infantry battalion based on each tank driving 39 miles and each fighting vehicle driving 40 miles. However, the 3rd Infantry Division only requires 30 miles per vehicle. As a result, we estimated that in fiscal year 1994 the model overcalculated operating tempo fund requirements for these exercises by \$925,000. Similarly, the model calculated operating tempo funds to support 31 miles per tank and 40 miles per fighting vehicle for crew weapon sustainment exercises. The division, however, requires only 10 miles per vehicle for each exercise, resulting in the model overcalculating operating tempo funding requirements by \$1.3 million.

In another example, the model calculated funding requirements for two battalion command field exercises based on 22 tanks and 19 fighting vehicles each executing 70 miles. However, the 3rd Infantry Division does not use either weapon system during this exercise. As a result, we estimated that the model calculated \$2.6 million for miles that were not executed in the field.

In contrast, the operating tempo fund requirements in the model were less than the requirements for some exercises in the field. In 1994, the 3rd

Infantry Division conducted an armor battalion field training exercise that required more miles than the model identified. As a result, an additional \$1.6 million was needed. Similarly, the 1st Cavalry Division plans to conduct this exercise in fiscal year 1995 with more miles at a cost of about \$480,000, which was not funded in the model.

Model Does Not Consider Range and Maneuver Area Constraints

The availability of training range and maneuver areas at the installations where units conduct their training exercises varies among the Army's combat divisions. These factors are not reflected in the BLTM, even though they affect a unit's ability to conduct training. For example, the Training Resource Model calculates operating tempo funding requirements for a battalion-level live fire exercise for armor and mechanized infantry battalions. However, during 1993 and 1994, ranges at Fort Hood and Fort Riley could not accommodate this type of exercise.⁵ As a result, we estimated that the model included a total of \$4.7 million in operating tempo funds for exercises that could not be performed by units at these installations.

Army divisions based in Europe are more constrained by training range and maneuver area availability than divisions based in the United States. The Europe-based divisions are only able to conduct up to platoon-level exercises at their home station. Major training exercises are limited to one maneuver and two gunnery rotations each year at two centrally located training areas. In addition, the central range facility does not have adequate space to accommodate the battalion live fire exercises. We estimated that, by not recognizing these constraints, the model included \$1.2 million in 1994 for exercises that the 3rd Infantry Division could not execute in the field.

Model Does Not Recognize Nonstandard Units

Although the model resources the armor battalion at the 82nd Airborne Division, Fort Bragg, North Carolina, for standard exercises, the battalion does not typically conduct these exercises. The battalion participates incrementally in the exercises of the division's three infantry brigades and does not train to the exercise schedule that the model resources. For example, companies are assigned to support infantry exercises, such as airfield seizures, rather than standardized field exercises contained in the model. For the most part, they do not train as a full battalion.

⁵Training ranges at Fort Riley have been modified, and the 1st Infantry Division plans to conduct the battalion-level live fire exercises at its home station in fiscal year 1995.

Units Have Reported Meeting Readiness Objectives

Despite spending significantly less than the model calculated, for seven consecutive quarters, from the first quarter of fiscal year 1993 to the third quarter of fiscal year 1994, the four divisions we reviewed reported achieving their readiness objectives. However, some past reports of units' training readiness may have been overstated.⁶ Military leaders told us that some commanders might view the readiness reports as scorecards on their capabilities and performance and thus might be reluctant to report degraded readiness. Military leaders also told us that the reluctance to cite degraded readiness was indicative of a "can do" spirit of optimism. Accordingly, significant differences can exist between official readiness reports, independent data, and informally expressed professional military judgments.

Although the four divisions reported achieving readiness objectives during fiscal year 1993 and the first three quarters of fiscal year 1994, two cited a lack of funding in reporting degraded readiness during the fourth quarter of fiscal year 1994.⁷ According to Army officials, one division took a risk by not canceling any training scheduled for the first three quarters of fiscal year 1994, gambling that an additional \$10 million from the major command would eliminate the need to cancel scheduled but unfunded training exercises in the fourth quarter. Although this practice had succeeded in prior years, the anticipated funds were not provided in time to prevent the cancellation of fourth quarter exercises. The additional funds were used instead to buy spare parts. The other division's degraded readiness condition was due primarily to insufficient funds for buying some spare parts.

Army Plans to Improve the Training Resource Model

Army headquarters training officials told us they recognized that the assumptions or strategies included in the Training Resource Model did not correlate to the unit training exercises planned or conducted in the field. Further, the officials recognized that this disconnect caused the model to calculate more operating tempo funds than the units spent to meet their readiness objectives and that these excess funds were being moved to other operation and maintenance accounts.

The Army Chief of Staff has directed that the Army reevaluate the training requirements in the BLTM for the 10 most expensive battalion types, such as the tank and Bradley fighting vehicle. Toward this end, the Army has

⁶Army Training: Evaluations of Units' Proficiency Are Not Always Reliable (GAO/NSIAD-91-72, Feb. 15, 1991).

⁷Specific information on which units reported degraded readiness is classified.

begun a project to determine the type and level of exercises that are being conducted in the field and the funding necessary for training. On the basis of this information, the Army plans to update the Training Resource Model to reflect current training requirements and align its budget requests closely with the amount units need to meet readiness objectives. In addition, the Army plans to expand the definition of operating tempo to incorporate factors that affect operational readiness but have not been included in the calculation of funding requirements. These factors include range maintenance, railhead and airfield maintenance, simulations and other training devices that affect a unit's ability to train and deploy. Army officials told us that they expected to complete these initiatives by December 1995.

Agency Comments and Our Evaluation

We obtained written comments from DOD on a draft of this report (see app. I). DOD agreed with our findings regarding the Army's movement of operating tempo funds to other operation and maintenance accounts in fiscal years 1993 and 1994. However, DOD did not agree that the Training Resource Model calculated more money than the Army needed to achieve readiness objectives or that the model was based on invalid assumptions. According to DOD, the Training Resource Model cannot overstate the funding needed to achieve readiness objectives because it calculates only the cost of exercises that the Army's Training and Doctrine Command has determined are necessary to enable units to achieve the highest readiness status. DOD noted, however, that it was still possible for a unit to achieve a high readiness status even if it did not have sufficient funds to carry out all specified exercises.

DOD's rationale about the Training Resource Model's calculations is faulty in three major areas. First, DOD assumes that the model accurately represents how the Army trains today. To the contrary, our work conclusively shows that the model's assumptions regarding how the Army conducts specific training exercises, the types of vehicles that are used, and the number of miles that are to be driven are no longer valid. Moreover, the fact that the Army trained at a lower level of operating tempo than funded by the Training Resource Model does not necessarily mean that training exercises were not conducted, as DOD's comments imply. Rather, as evidenced by our report, the lower level of operating tempo in many instances was due to the fact that exercises were conducted differently or using different equipment than assumed in the model. For example, our finding that the model calculated \$2.6 million for miles not executed during the 3rd Infantry Division's battalion command

exercises does not mean the division did not conduct these exercises. Rather, it means that the division did not use the type of vehicles assumed in the model in conducting the exercises. In addition, DOD's belief that the Training Resource Model is valid ignores changes in Army training that have resulted from a changed national security environment. For example, during the last 5 years, the 3rd Infantry Division did not conduct the battalion-level deployment exercises or alerts assumed by the model due to the demise of the Eastern bloc threat.

Second, DOD's rationale infers that the entire \$868 million in operating tempo funds that the Army moved to other operation and maintenance accounts during fiscal year 1994 was needed to enable commanders to meet readiness objectives. We found, however, that the funding shortfall for the degraded training readiness condition cited by Army commanders in the fourth quarter of 1994 amounted to a small percentage of total operating funds moved. Specifically, our review of fourth quarter readiness reports for all Army divisions in the U.S. Forces Command and U.S. Army Europe showed that the reported shortfall accounting for degraded training readiness was about \$30 million, or 3.5 percent of the total operating tempo funds that the Army moved to other accounts during the year. The significance of this disparity leaves no doubt that the Training Resource Model calculated more money than the Army needed to achieve readiness objectives.

Even though we reported past instances in which unit training readiness reports may have been overstated due to commanders' optimism about their units' ability to perform assigned missions, we believe it is unlikely that this factor played a major role in reports that readiness objectives were achieved throughout most of fiscal years 1993 and 1994. According to Army regulations governing readiness reports, commanders are expected to establish the overall readiness rating for their units at the lowest of the four readiness elements assessed, that is, personnel, equipment on hand and its condition, and training. However, commanders may upgrade the overall rating if they believe that the calculated level does not truly represent the unit's status. Therefore, commanders could have reported degraded training readiness ratings and still reflected a "can do" spirit of optimism by upgrading overall unit readiness. However, we found that this situation did not occur. Our analysis of overall readiness ratings for all U.S. Forces Command and U.S. Army Europe divisions in fiscal years 1993 and 1994 showed that the overall readiness rating for each division matched the training rating. Any commander that upgraded overall

readiness did not do so because of a degraded training readiness condition.

Third, DOD's rationale implies that the exercises included in the Training Resource Model are prescriptive and cannot be conducted without the calculated level of funding. Yet in preparing their training plans for the upcoming fiscal year, none of the combat divisions we visited were aware of either the exercises contained in the model or the operating funds the model calculated were necessary to conduct the exercises. According to unit officials, training plans were based on their assessment of the training exercises they believed were needed to be combat ready. In each case, the units accomplished scheduled training exercises with significantly less funds than calculated by the Training Resource Model and reported that their readiness objectives were met.

DOD also commented that the Army was changing the Training Resource Model for reasons other than those cited in our report. DOD said that the changes were to incorporate a new methodology of operational readiness that would reflect the total cost of preparing a unit to go to war. Even though this statement is accurate, it is only part of the reason that Army officials told us the model was being changed. Throughout the course of our work, Army training officials told us that they recognized the assumptions or strategies included in the Training Resource Model did not correlate to the unit training exercises planned or conducted in the field. Further, training officials said they recognized that this disconnect caused the model to calculate more operating tempo funds than units needed to meet readiness objectives.

Scope and Methodology

To meet our objectives, we reviewed operating tempo funding for divisions within the U.S. Forces Command, Fort McPherson, Georgia, and U.S. Army Europe, Heidelberg, Germany. We chose these commands because together they represented about 80 percent of operating tempo funding. We did not review the flying hour portion of operating tempo funding because it is not a product of the Training Resource Model.

To determine whether the Army spent operating tempo funds for other purposes, we reviewed accounting records and interviewed officials from the Army Budget Office, Washington D.C.; U.S. Forces Command; U.S. Army Europe; and V Corps, Frankfurt, Germany. At the beginning of this review, we examined the operating tempo programs of the Air Force, the Navy, and the Marine Corps. We found that these services were executing

operating tempo funds at or above the amount requested or at least had limited opportunity to move these funds from training activities.

To determine if the operating tempo funds requested in the Army's budget submission were consistent with the funds needed to meet readiness objectives, we compared the BLTM with division training plans to identify differences between the model and exercises, number of times the exercises occurred, extent of vehicle use, and mileage executed in the field. We used the BLTM for our comparison because the Training Resource Model bases its mileage requirements on BLTM data. We performed our comparison for selected armor and mechanized infantry battalions of the 1st Cavalry Division, Fort Hood, Texas; 1st Infantry Division, Fort Riley, Kansas; 82nd Airborne Division, Fort Bragg, North Carolina; and 3rd Infantry Division, Wurzburg, Germany. We selected these divisions to encompass units with both constrained and unconstrained range and maneuver areas, as well as units that deploy both early and late. We focused our comparison on tanks and fighting vehicles, since they represented 72 percent of the unit requirements at the divisions visited.

At these divisions, we reviewed training plans for a total of seven armor and four mechanized infantry battalions. We compared the specific exercises, including the number of times they occurred, extent of vehicle use, and mileage contained in the battalion's 1994 or 1995 training plans, with the information contained in the BLTM. Limited data at the divisions prevented a full comparison of the exercises in the model to exercises planned in the field. To estimate the extent to which the model overstated or understated division funding requirements for specific exercises, we applied Army cost factors for fuel, maintenance, and spare parts to mileage differences identified in our comparisons.

We reviewed readiness reports at the divisions and verified, through discussions with officials, that the readiness objectives had been met for fiscal year 1993 and for the first three quarters of 1994. For the fourth quarter 1994, we reviewed and discussed readiness reports at the Army Operations Center in Washington, D.C.

We also interviewed officials of and collected pertinent information from the Army Directorate of Training, Washington D.C.; the Army's Cost and Economic Analysis Center, Falls Church, Virginia; CACI (the Army contractor responsible for maintaining the model), Arlington, Virginia; and III Corps, Fort Hood, Texas. We conducted our review from

November 1993 to November 1994 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairmen, Senate Committee on Armed Services and Senate and House Committees on Appropriations; the Director, Office of Management and Budget; and the Secretaries of Defense and the Army. We will also make copies available to other interested parties on request.

Please contact me on (202) 512-5140 if you or any of your staff have any questions concerning this report. Major contributors to this report are listed in appendix II.



Mark E. Gebicke
Director, Military Operations
and Capabilities Issues

Comments From the Department of Defense



THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAR 6 1995



Mr. Mark E. Gebicke
Director, Military, Operations and Capabilities Issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Gebicke:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report "ARMY TRAINING: One-Third of 1993 and 1994 Budgeted Funds Used For Other Purposes," dated January 18, 1995, (GAO Code 703047), OSD Case 9848. The DoD partially concurs with the report.

The Department agrees that during FY 1993 and FY 1994, funds budgeted for operations (OPTEMPO) were used for other functions. The reallocation of funds was necessitated, in part, because in FY 1993 unfunded contingencies were paid for using Army operations and maintenance funds, and during FY 1994, unfunded contingencies were not reimbursed in a timely manner.

The DoD does not agree, however, with the GAO hypothesis that the Training Resource Model (TRM) overstated funds needed to achieve specified levels of training, and therefore made funds in excess of OPTEMPO requirements available for other purposes. For FY 1993 and FY 1994, OPTEMPO funding available to units was, because of unplanned contingencies and other compelling needs, at levels lower than those estimated by TRM. These lower level of funds had a demonstrable effect on training rates. In FY 1994, for example, Army vehicle miles (a measure used as a surrogate for training activity rate) correspondingly fell from a level of 800 miles per year assumed by TRM to 527 miles in execution. Thus funding at levels less than TRM estimates produced less training. However, under certain conditions a unit can maintain high readiness, over a period of time, even if it is not able to conduct all of the training specified for that unit.

The detailed DoD comments on the draft report findings are provided in the enclosure. The DoD appreciates the opportunity to comment on the GAO draft report.

Sincerely,

Edwin Dorn

Enclosure:



GAO DRAFT REPORT - DATED JANUARY 18, 1995
(GAO CODE 703047) OSD CASE 9848

"ARMY TRAINING: ONE-THIRD OF 1993 AND 1994 BUDGETED FUNDS
USED FOR OTHER PURPOSES"

DEPARTMENT OF DEFENSE COMMENTS

FINDINGS

- o **FINDING A: Operating Tempo Funds.** The GAO observed that the Army uses the Training Resource Model to identify the amount of operating tempo funds that its military units require to meet readiness objectives. The GAO explained that the model, which was developed about 10 years ago, employs a three-step process to calculate funding requirements: (1) the model calculates the annual number of miles that a unit's vehicles (e.g., tanks and Bradley Fighting Vehicles) are to be driven as the unit trains; (2) the model calculates the cost of the miles that are to be driven by applying costs for fuel, maintenance, and spare parts to total miles--costs which vary depending on equipment type and the geographical location of a unit; and (3) the model adds certain indirect costs that are associated with training, such as the cost of civilian pay and maintenance contracts, to determine the total requirement.

The GAO reported that operating tempo funding requirements are included in the land forces budget activity group in the Army operations and maintenance appropriation account. The GAO noted that other activities within that group include base operations, real property maintenance, and depot maintenance.

The GAO explained that, when operation and maintenance funds are appropriated, the Army begins an allocation process to distribute the operating tempo funds. The GAO noted that the initial distribution is from the Department of the Army to each of the major commands. The GAO pointed out that, along with the authority to execute the funds, the major commands receive program budget guidance indicating how the operating tempo funds had been budgeted at the Army level. The GAO also pointed out that the major commands then forward operating tempo funds and budget guidance to major subordinate commands, such as V Corps within the U.S. Army Europe, or to installations such as those within the U.S. Forces Command. (pp. 3-5/GAO Draft Report)

DOD RESPONSE: Concur.

Enclosure
Page 1 of 5 Pages

Now on pp. 2-3.

- o **FINDING B: Army Spent Operating Funds For Other Purposes.** The GAO reported that, in FY 1993 and FY 1994, the Congress appropriated \$29 billion for Army operations and maintenance. The GAO explained that, of that amount, the Army designated \$3.6 billion in operating tempo funds for the U.S. Forces Command and the U.S. Army Europe; however, units within those two commands spent only \$2.4 billion of the \$3.6 billion for training. The GAO found that approximately \$384 million and \$868 million was moved in FY 1993 and FY 1994, respectively, to other operations and maintenance accounts. The GAO indicated that, according to Army officials, funds were moved to other operation and maintenance accounts, such as real property maintenance, base operations, and to support contingency operations, such as Somalia and Haiti.

The GAO found that the movement of funds from the operating tempo to other operations and maintenance accounts occurred at several levels of the Army. The GAO explained that, according to Army officials, the movement of operating tempo funds during FY 1993 and FY 1994 was necessary because operation and maintenance accounts including base operations, real property maintenance, and depot maintenance were funded at levels significantly below requirements. The GAO concluded that two factors contributed to those shortages. First, the GAO stated that the Army submission for the President's budget only included a portion of its requirements. The GAO explained, for example, that data provided by Army officials show that the Administration's 1994 budget submission for base operations, real property maintenance, and depot maintenance represented only 70, 45, and 57 percent, respectively, of the requirements for those accounts. Second, the GAO pointed out that additional reductions to the overall operations and maintenance request were made in anticipation of future savings or reimbursements that did not occur. As an example, the GAO reported that in FY 1994, the operations and maintenance account was reduced by \$117 million for assumed savings resulting from the withdrawal of Army troops from South Korea, but the troops never withdrew due to political instabilities, and funds were still spent by the Army to support those troops.

The GAO also reported that operating tempo funds were spent to support contingency operations, such as Somalia and Haiti. The GAO stated that, according to the Chief of Staff of the Army, due to the unknown nature of contingency operations, operating tempo funds must be borrowed to help pay up-front costs of the operations. The GAO pointed out that reimbursements, received in the form of supplemental funding from the Congress, may or may not occur in time to avoid the postponement or cancellation of scheduled training events.

The GAO reported that the Army has not reported the movement of operating tempo funds to other accounts to the Congress because there was no requirement to report them separately in the operations and maintenance budget submission. The GAO noted, however, recent action taken by the Congress will require the DoD and the Military Services to report differences between the amount of money requested and the amount of

Enclosure
Page 2 of 5 Pages

Now on pp. 4-5.

money spent. The GAO explained that, beginning in FY 1996, budget justification materials must show, for each subactivity group in the operations and maintenance account, actual dollar amounts for the most recent year completed, the current year estimates, and the budget request estimate. (pp. 6-8/GAO Draft Report)

DOD RESPONSE: Concur.

- o **FINDING C: Training Resource Model Overstates the Dollars Needed to Achieve Readiness Objectives.** The GAO reported that the Training Resource Model calculated more money than the Army needed to conduct the training exercises necessary to achieve readiness objectives in 1993 and 1994. The GAO asserted that, even though examples were found in which the model understated funds required for conducting particular training exercises, the substantial amounts of operating tempo money moved to other accounts by the Army each year indicate that the model produced a net overstatement of operating tempo funds. The GAO noted that despite spending significantly less operating tempo funds for training, tactical units have generally continued to report that readiness objectives were achieved.

The GAO reported that the training strategies incorporated in the Training Resource Model have not been updated since its creation in 1984. The GAO also noted that, to determine whether key assumptions contained in the model are valid today, the GAO visited four Army combat divisions where 22 training exercises prescribed in the model were compared to the exercises planned for seven armor and four mechanized infantry battalions. The GAO found that the model no longer accurately portrays how the Army trains today. The GAO specifically found that the model's assumptions on the type of exercises, the number of times they are conducted, the types of vehicles that are to be used, and the number of miles to be driven by each vehicle are no longer valid. The GAO presented a comparison of model calculations and actual spending on pages 10-17 in the draft report. (pp. 8-17/GAO Draft Report)

Now on pp. 5-9.

DOD RESPONSE: Nonconcur. The DoD does not agree that the key assumptions contained in the Training Resource Model are not valid or that the Model overstates the funding needed to achieve readiness objectives. The Training Resource Model (TRM) is a programming tool which calculates the cost, for each type of combat, combat support, and combat service support unit, to perform the training events specified for that type of unit by its proponent school in the Training and Doctrine Command (TRADOC). The specified training events, if conducted successfully, assure that the unit is trained to the highest readiness level -- T-1 in the Status of Resources and Training System (SORTS). The issue is not whether the underlying training events, imputed to the TRM, are valid but whether funding is available to carry out the indicated training. If a specific unit does not receive the funding level calculated by the TRM for that type of unit, it will not be able to perform all of the training events recommended by its proponent school.

Enclosure
Page 3 of 5 Pages

That does not mean, however, that the unit cannot achieve a high training readiness level; it depends on the level of funding received, the training status of the unit at the beginning of its training cycle, the status of its spare parts inventory, etc. Therefore the TRM cannot overstate the dollars needed to achieve readiness objectives, since it only calculates the cost of performing a specific set of training events to be conducted by a specific type of unit. If the units had been allocated more money, they would have done more training.

- o **FINDING D: Units Have Reported Meeting Readiness Objectives.** The GAO reported that, despite spending significantly less than the model calculated, for seven consecutive quarters and until the fourth quarter of FY 1994, the four divisions the GAO reviewed reported achieving their readiness objectives. The GAO found, in the past, in some instances reports of units' training readiness may have been overstated.

The GAO further reported that, although the four divisions reported achieving readiness objectives during FY 1993 and the first three quarters of FY 1994, two divisions cited a lack of funding in reporting degraded readiness during the fourth quarter. According to the GAO, Army officials determined that one division took a risk by not canceling any training scheduled for the first three quarters of FY 1994, gambling that an additional \$10 million from the major command would eliminate the need to cancel scheduled, but unfunded training exercises in the fourth quarter. The GAO noted that, while that practice had succeeded in prior years, the anticipated funds were not provided in time to prevent the cancellation of fourth quarter exercises. The GAO pointed out that the additional funds were used instead to buy spare parts. The GAO also pointed out that the other division's degraded readiness condition was due primarily to its having insufficient funds to buy some spare parts. (pp. 17-18/GAO Draft Report)

DOD RESPONSE: Concur. This finding clearly demonstrates the problems that can develop if the Department does not receive timely reimbursement for unfunded contingencies.

- o **FINDING E: Army Plans to Improve the Training Resource Model.** The GAO reported that Army headquarters training officials recognize that (1) the assumptions or strategies included in the Training Resource Model do not correlate to the unit training exercises planned or conducted in the field; (2) that disconnect causes the model to calculate more operating tempo funds than the units spend to meet their readiness objectives; and (3) the excess funds are being moved to other operations and maintenance accounts.

Enclosure
Page 4 of 5 Pages

Now on p. 10.

Now on pp. 10-11.

The GAO also reported the Army Chief of Staff has directed that the Army reevaluate the training requirements in the Battalion Level Training Models for the ten most expensive battalion types, such as the tank and Bradley Fighting Vehicle. The GAO pointed out that, toward that end, the Army has begun a project to determine the type and level of exercises that are being conducted in the field and the funding necessary for training. According to the GAO--on the basis of that information--the Army plans to update the Training Resource Model to reflect current training requirements and align its budget requests closely with the amount units need to meet readiness objectives. The GAO noted that the Army plans to expand the definition of operating tempo to incorporate factors that affect operational readiness, but have not been included in the calculation of funding requirements. The GAO also noted that those factors include range maintenance, railhead and airfield maintenance, simulations and other training devices that affect not only a unit's ability to train, but also its ability to deploy. The GAO indicated that Army officials expect to complete those initiatives by December 1995. (pp. 19-20/GAO Draft Report)

DOD RESPONSE: Partially concur. The DoD agrees that the Army is changing the Training Resource Model, but not for the reasons cited by the GAO (See the DoD response to finding C). To deal with the realities of the changing world and to manage readiness, the Army has been working on a new methodology of Operational Readiness, which reflects the total cost of preparing a unit to go to war. The methodology includes operational tempo, training aids, devices, simulators and simulations; ranges; land; as well as maintenance and force projection facilities. That is not a new concept, rather it is how Army field commanders obligate their funds to pay for readiness.

The new Operational Readiness methodology will establish a better link between resourcing and readiness. The Army has completed its first site test at Fort Hood, Texas. That test focused on a review of the tank battalion training strategy, which is the most expensive ground unit to fund. The challenge is to validate these strategies systematically to prevent accidental readiness shortfalls. Once validation is complete, the Army will conduct an orderly transition from the current OPTEMPO method, to Operational Readiness. The Army plans to use the method in computing the requirements for the 1997 Budget.

The Army further expects to provide a profile of training readiness that is more representative of true requirements, and make those needs clearly visible from the unit and installation level up to the appropriate congressional committee. This will provide consistency between the Army request to the Congress and distribution to the field.

Enclosure
Page 5 of 5 Pages

Major Contributors to This Report

National Security and
International Affairs
Division, Washington,
D.C.

Charles J. Bonanno, Assistant Director
Karen S. Blum, Communications Analyst

Dallas Regional Office

Jeffrey A. Kans, Evaluator-in-Charge
Penney M. Harwell, Senior Evaluator
Mary K. Muse, Senior Evaluator
Cary B. Russell, Evaluator
Jimmy Palmer, Jr., Evaluator

Norfolk Regional
Office

James K. Mahaffey, Senior Evaluator
Vincent C. Truett, Evaluator